

EXHIBIT 12
DATE 2-21-13
HB 502

BIG SKY FARM MUTUAL INSURANCE COMPANY

February 21, 2013

Montana Legislators,

Our company needs your help by passing House Bill No. 502. Last year our reinsurance broker (the one and only available to us) changed our contract to unaffordable premiums. By passing this House Bill No. 502 we would have an opportunity to secure a more affordable reinsurance contract.

Please pass this bill so we can continue to help Montanans.

Thank you for your help,

Naomi Wold

PFMM



Randy Brodehl <randybrodehl57@gmail.com>

Fwd: RE: Need Letters of NEED

2 messages

Greg Ellingson <gellingson@flatheadfarmmutual.com>
 To: Randy Brodehl <randybrodehl57@gmail.com>

Thu, Feb 21, 2013 at 1:20 PM

Randy I am sending any letters of recommendation from members to you so you have available thanks.

Sent from my Samsung smartphone on AT&T

----- Original message -----

Subject: RE: Need Letters of NEED

From: Richland Farm Mutual

To: Greg Ellingson, Donna Brekke

CC: 'Mary Stoican', 'FMIC', 'Glenn Lambert', 'rsimsen-pcins@ttc-cmc.net', 'Mary K Stoican', 'Bitterroot Farm Mutual Insurance', 'leslie605@gmail.com', 'Big Sky Farm Mutual Insurance', 'Marlene Holbrook', 'Tina Stokken', 'jclewley@bresnan.net'

Greg,

Attached find my letter. THANKS for the notice. And for the follow-up emails as promised - not!

Saving your ars - AGAIN! ;p
 Becky

-----Original Message-----

From: Greg Ellingson [mailto:gellingson@flatheadfarmmutual.com]

Sent: Wednesday, February 20, 2013 5:36 PM

To: Donna Brekke

Cc: Mary Stoican; 'FMIC'; 'Glenn Lambert'; 'Richland Farm Mutual'; rsimsen-pcins@ttc-cmc.net; 'Mary K Stoican'; 'Bitterroot Farm Mutual Insurance'; leslie605@gmail.com; 'Big Sky Farm Mutual Insurance'; 'Marlene Holbrook'; 'Tina Stokken'; jclewley@bresnan.net
 Subject: Need Letters of NEED

I hope you know that House Bill NO. 502 is the bill Farm Mutuals need. Tomorrow Glen and I will introduce the bill at 3PM. Tim Morris thought it a good idea to come with written recommendations from all of the Farm Mutuals. We would like to pass them out to the group we have in front of us. For those who might have to think extra hard to remember what we are doing I am sending you all out a couple of things in separate e mails to make it easier for me. If someone is missing on the list it is Donna's fault as I stole hers from a previous mailing. My Fax is 406-752-7142. E mail gellingson@flatheadfarmmutual.com

Following is a copy of what I sent Bob Bistubiak today. Bob is the head of the Big I in Helena. This is usually where our resistance comes from. This is taken out of an e mail conversation. He has asked me what good the bill would do for everyone

 Good questions. First of all I would like to say that the business relationship of Farm Mutuals and the Independent Agents have changed remarkably fast in the last 10 years. Back 10 years ago all the farm mutuals did was market their own produces and frankly probably picked a lot of stuff the independent did not want. Today, for example, 99% of Flathead

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Gmail - Fwd: RE: Need Letters of NEED

or start the independent agents did not want. Today, for example 92% of Flathead Farm Mutuals \$5.2 million in premiums are written by our 62 mostly independent agents we license. Cascade Mutual in Great Falls. Lewistown farm Mutual, Bozeman, and a couple of others are just beginning to utilize the independent. Point is we are working well together.

Ok. I will try to brief to the point on the legislation.

The first part of the bill MANAGING GENERAL AGENT WAIVER – EXCEPTIONS ..

Tim Morris brought up several years ago that a couple of the Farm Mutuals, one of them being Flathead Farm Mutual, managed by myself, in his opinion, fall under the laws regulating General Agencies. It was Tim that recommended we get this legislation done because it was clear to him that any management of Farm Mutuals should not be regulated as General agencies.

A couple of examples would be. As a general agency I would not be legally allowed to negotiate reinsurance contracts. The president of the company would have to. Managing these contracts are one of the most important jobs I do for the company. I would not be allowed to manage the companies money. Again, an important job to say the least. So to eliminate those management issues and still allow the State to control who actually has the authority the first of HB 502 was written. Written by Auditors office with the help of legal. With this passing my agency, Ellingson Agency would be granted a waiver. This could be taken back by the state if they did not like the way the company was being operated. I have no problems with it. It modernizes this part of the code.

The second part: "33-4-502" deals with what how much a Farm Mutual may retain in a reinsurance agreement. My father Chet helped set up the first reinsurance agreements for the MAMIC companies. Through the old Balis and Company. Now Guy Carpenter. This arrangement has worked well for all the companies until just the last couple. The larger group that Guy Carpenter had us all with was having some profitability problems. The cost has increased beyond what is acceptable. We went to the marketplace and found that the number of reinsurance companies had dwindled way down in numbers. You of all people know this having watched the changes, purchases, mergers etc. in agencies, companies, young agents, you know the trend. Hmmm, my 39th year, you have got to be close.

I can speak for all 9 of the companies in saying we need to get some quotes from other companies. Several companies Have been in my office interested in handling our business. Every one requires at least a modest amount of the casualty/liability risk and premium that goes with it.

This legislation is good for everyone. Does not cost anything! Helps the companies, the people employed. The insured's many of who cannot find coverage in the Hinterland.

We have been working with Tim Morris and Steve Matthews at the state and together we came up with some legislation that would update the language and put our companies in a position that they could survive in. We think we have that in this legislation. Please let me know if you have any questions or concerns. If you do have concerns please lets understand what they are now. Thanks Bob

Greg Ellingson PFMM
GM
Flathead Farm Mutual
(406) 752-7500
>

 **HB 502 letter ltrhd.pdf**
265K

2/21/13

Gmail - Fwd: RE: Need Letters of NEED

to: Randy Broden <randybroden1@gmail.com>

Sent from my Samsung smartphone on AT&T

----- Original message -----

Subject: RE: Need Letters of NEED

From: Mary K Stoican

To: Greg Ellingson

CC:

Did you say you wanted us to write a letter? You did a very good job of explaining to Bob the need of this legislation. Farm Mutuals are being more and more used by independent agencies. We currently have over 40 independent agencies ourselves. Judging by how much we are utilized, I feel we play a very integral part in an agency's coverage plans. We don't by any means cover all of the agencies needs, nor do we want to. Mutuals offer a lot to the economy of Montana. Money stays in Montana, from agencies to adjusters. We are regulated by the state. It is a win win situation.

Thanks,
Mary K Stoican

Fergus Farm Mutual
224 W Main St Ste 417
Lewistown MT 59457

406-538-9251

[Quoted text hidden]

Bitterroot Farm Mutual Insurance wrote:

02-21-2013

RE: House Bill 502

To Whom It May Concern

Bitterroot Farm Mutual Insurance, Inc is 100 percent for the wording changes proposed in HB 502.

It is important to Montana that each company involved in the insurance industry work together to make the best possible available to the insured of Montana by keeping the laws in tune with the changing times within the insurance industry.

This bill is healthy for everyone involved whether from within the insurance industry in Montana and for the people of Montana seeking insurance.

Please support HB 502 on behalf of all of Montana.

Sincerely,

Leslie L Tintzman, PFMM
Secretary-Treasurer, Manager
605 Willow Creek Road
Corvallis, MT 59828
Phone 406-961-3449
Fax 406-961-3412
Email leslie.bfmi@gmail.com